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WHY

QUOTAS?

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U.S. DEPT. OF AGRICULTURE

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WHY QUOTAS?

Last year, wheat growers for the first time used marketing quotas to prevent supplies from wrecking prices. Despite huge surpluses and shrinking markets, wheat growers enjoyed better prices for the 1942 crop than they had received for many years.

This year, with surpluses larger than ever and America's farm plant geared up to produce "War Foods", wheat growers will vote on marketing quotas again.

The purpose of this leaflet is to answer questions regarding the 1942 Marketing Quota Referendum on May 2 and its relation to Agriculture's part in the war effort. More detailed information may be obtained from your local AAA committee.

Utah State AAA Committee

OCT 17 1945

WHY QUOTAS?

Wheat Supply:

Carry-over, July 1, 1941	385,000,000 bu.
1941 crop:	
Winter wheat	671,000,000 bu.
Spring wheat	275,000,000 bu.
Supplies 1941-42 Mkt. Yr.	<u>1,331,000,000 bu.</u>
Indicated use 1941-42 Mkt. Yr.	701,000,000 bu.
Indicated carry-over	
July 1, 1942	<u>630,000,000 bu.</u>
Estimated 1942 production:	
Winter wheat	631,000,000 bu.
Spring wheat	162,000,000 bu.
Estimated supply	
1942-43 Mkt. Yr.	<u>1,423,000,000 bu.</u>

NO QUOTA? NO LOAN!!

Are quotas required?

Estimated supplies	1,423,000,000 bu.
Estimated needs:	
domestic, 1942-43 Mkt. Yr.	690,000,000 bu.
exports (Ave. 1932-42)	49,000,000 bu.
Reserves, 35%	259,000,000 bu.
Total—level at which	
quotas must be declared	998,000,000 bu.
Excess over quota level	425,000,000 bu.

NO LOAN ?????

WHY QUOTAS?

I. Quotas will help win the war:

1. Check clogging of storage and transportation facilities.
2. Check dissipation of crop production resources in the growing of surpluses.
3. Insure balanced production so that there will not be a surplus of wheat and a scarcity of badly needed foods.
4. Insure plenty of wheat by maintaining price structure.

II. Quotas will help the cooperating farmer:

1. Makes his cooperation effective by spreading responsibility of adjustment.
2. Insures continued price support.
3. Protects him in conserving his soil.
4. Protects the market allotments have given him.

III. Quotas will help the non-cooperator:

1. Protects the price of wheat for him.
2. Protects the price of all farm commodities by preventing the collapse of wheat prices.

IV. Quotas will help the feeder:

1. Small feeder can seed up to 15 acres.
2. Checks competition which would result from cheap wheat.

V. Quotas will help the consumer:

1. Balance the supply of wheat to his needs.
2. Prevent extremely high prices.

VI. Quotas will help the businessman:

1. Guarantee stronger buying power among farmers.
2. Make more stable tenure on the land.
3. Removes some of the credit risks of wheat growers.

THINK IT OVER

MARKETING QUOTA QUESTIONS AND ANSWERS

1. Q: Why is it necessary to restrict the production and marketing of wheat when farmers are being asked to increase production to "win the war and write the peace"?

A: Huge surpluses of wheat are already stored in the Ever-Normal Granary. To win the war, agriculture, no less than industry, must gear itself up to the production of necessary quantities of the right kind of products. For agriculture this means greatly increased amounts of pork, dairy and poultry products, vegetables, oils and fats, and other high-energy foods for our civilians, armed forces and our allies. To obtain this production we must expand our production in such a way that we do not waste men, materials and machines, soil and transportation facilities in the needless overproduction of such surplus crops as wheat.

2. Q: What is the present wheat picture compared to a year ago?

A: It is estimated that the carryover on July 1, 1942, will be 630 million bushels, compared to 385 million bushels on the same date last year and 282 million bushels in 1940. This, together with our 1942 crop, will be enough wheat to last two years if we didn't raise another bushel.

3. Q: How about other wheat producing countries?

A: Canada is whittling her reserves slightly and shipping some wheat to England, but expects a July 1 carryover of 490 million bushels and will no doubt have large surpluses for several

more years. Argentina is in much the same position, with supplies greatly exceeding markets. For the western hemisphere as a whole, there will be over a billion bushels available for export, with chances for shipping it very slim. A recent report from Argentina on the wheat market stated: "A state of almost chronic inactivity has set in and nothing can be done about it until a change takes place in world conditions."

4. Q: With the future so uncertain and the world picture changing from day to day, isn't it a good thing to have a large wheat surplus?

A: The heart of the whole Ever-Normal Granary plan is to carry large surpluses to meet possible emergencies. Marketing quotas will not destroy this surplus; quotas provide a way to keep this wheat in the bin until it is needed.

5. Q: Who may vote in the referendum?

A: All farmers who are subject to the quota are eligible to vote. That is, any farmer who has an interest in the wheat crop on a farm for which a quota will be determined.

6. Q: What farms are subject to quota?

A: All farms raising wheat, except those having less than 15 acres or producing less than 200 bushels.

7. Q: How much wheat can a producer market under the quota?

A: Any wheat producer may market or feed without penalty the normal or actual production of his acreage allotment, whichever is greater—plus

the carry-over of old wheat which the farmer has on hand which could have been marketed previously without penalty.

The farmer who has overseeded his allotment and has a below-normal yield may market the normal production of his acreage allotment. A farm's minimum wheat marketing quota is the normal production of the wheat acreage allotment.

The farmer who has overseeded his allotment and has an above-normal yield may market all his production except the equivalent of his excess acres times his normal yield.

8. Q: Will the penalty for marketing excess wheat be the same as in 1942?

A: The penalty is fixed at one-half of the basic national loan rate. Loan rates for 1942 have not been announced, but will be established at 85 per cent of parity. Since parity has risen from last year, the basic loan rate will presumably be higher and therefore the penalty will probably be slightly higher this year.

9. Q: Why can't farmers use excess wheat for feed or seed without paying the penalty?

A: About 200 million bushels are used annually in the United States for feed and seed. This disappearance is taken into consideration in setting up acreage allotments. If excess wheat could be used for this purpose without penalty, allotments would have to be reduced correspondingly. Our large stores in the Ever-Normal Granary give plenty of wheat for feeding stock without growing additional supplies for the purpose.

10. Q: How may a farmer handle excess wheat without paying the penalty?

A: He may store the excess under seal in accordance with regulations of the Secretary of Agriculture. 7

11. Q: Will excess wheat stored under seal be eligible for a loan?

A: Excess wheat is eligible for a loan at 60% of the regular loan rate. This loan can be secured only on the amount of wheat produced in excess of the farm marketing quota.

12. Q: How soon can wheat be sold after harvest?

A: Wheat can be sold as soon as the producer obtains his marketing card. On farms seeded within the acreage allotment, cards may be obtained as soon as the county committee has determined the farm is in compliance, in most cases before harvest. Farms having excess wheat may obtain cards as soon as the excess has been taken care of by storing, delivering or payment of penalty.

13. Q: What will happen if marketing quotas are not approved this year?

A: The law provides that if marketing quotas are not approved by two-thirds of the farmers voting in the referendum, no wheat loans can be made this year.

14. Q: How would this react on prices for the 1942 crop?

A: Ever since the wheat loan program was begun, market prices have consistently followed loan values. Without the support of loans, wheat prices would undoubtedly drop sharply. In 1932, when the supply was about one-third as high as at present and no loans were available, the

average price received by farmers was 38.2¢ a bushel.

15. Q: Is there any possibility that wheat may be in the same position as sugar?

A: All of our wheat sources and stocks are in the continental United States, while a large part of our sugar sources are in our island possessions. The problem of wheat is one of trying to get excess supplies out rather than potentially needed supplies in.

16. Q: Where will the marketing quota referendum be held?

A: Polling places will be set up in every wheat growing community. Watch for local announcements or ask your local AAA committeemen.

17. Q: How can absentee landlords and farmers who will not be at home on May 2 cast their ballots?

A: Ballots may be cast by mail and may be obtained at any county AAA office in the United States. Eligible growers who will not be home on May 2 may deposit sealed ballots in their county AAA offices any time during the week preceding the referendum.

18. Q: How is voting eligibility determined?

A: Each county AAA committee will prepare a list of eligible voters based on available data. Any farmer who is not listed, but believes he is eligible to vote, may cast a sealed ballot, which will be counted when his eligibility has been determined.

19. Q: Are both operators and landlords eligible to vote?

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A: All persons who have an interest in a wheat crop can vote. In other words, any tenant or owner-operator producing wheat subject to quota may vote. A landlord who receives a share of the wheat crop (either a percentage or a fixed commodity rental) as his rent may also vote, but he cannot vote if the rental is on a cash basis. In the case of a partnership or corporation, one representative of the partnership or corporation may vote.

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COMPARISON OF WHEAT SITUATION IN WORLD WARS I AND II

Twenty-five years ago the U. S. farmer's battle cry was "Food will win the war." Growing more wheat was one of his easiest and most valuable ways of making this prediction come true. Today it's still true that "Food will win the war," but the slogan is not a plea for greater wheat acreages. We have adequate supplies. The great need today is for other foods — dairy, poultry and meat products, vegetables, and oil crops. Victory in World War II requires use of land, labor, and equipment in producing these strategic commodities. We have got to put the punch where it counts.

Back in 1917, the United States entered the first World War with approximately 80 million bushels of old wheat on hand. We entered the present conflict with a carryover of 385 million bushels in our bins and elevators. The 1942 carryover on July 1 will be 600 million bushels, it is estimated. This is enough wheat to take care of our domestic needs for a full extra year.

There is actual danger at the present time in having "too much wheat." The 1941 wheat crop taxed storage facilities tremendously. We have enormous quantities of wheat on hand today, and the 1942 crop will tax storage facilities even more. We must handle our wheat in such a manner that it does not get in the way of either transportation or storage facilities, both of which are vital to the National war program. More than ever, wheat marketing must be orderly this year. That is why the U. S. Department of Agriculture is urging that farmers give careful consideration to the need for wheat marketing quotas when they go to their neighborhood polls to vote in the National referendum on May 2.

In 1916, the year before our entry into the first World War, we shipped 166 million bushels abroad. In 1940, we were able to export only 31 million bushels of wheat. We entered the first World War with our allies badly in need of grain and with facilities available for shipping it to them. Today there is an acute shipping shortage. We are sending some wheat to Russia, but how much Russia will need and our ability to find necessary shipping are problematical. Canada is more than able to fill England's import needs.

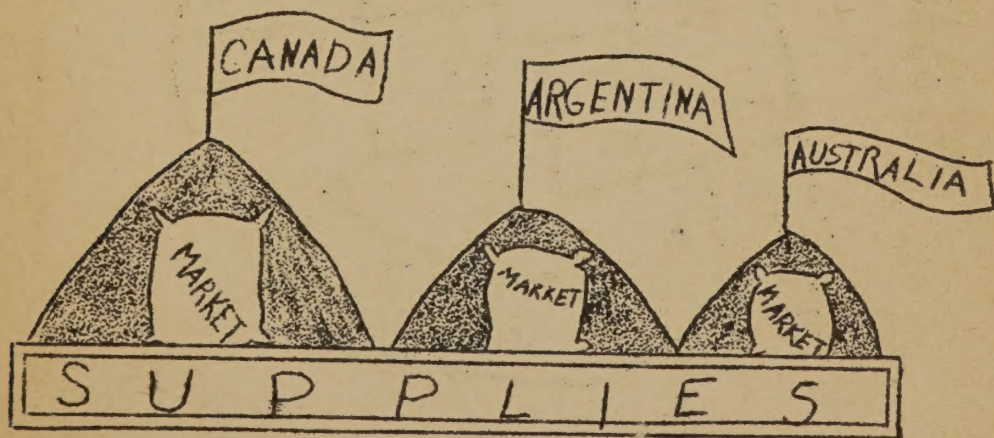
WHEAT CONDITIONS IN OTHER COUNTRIES

Canada: Employs acreage reduction, marketing quotas and price support. 486 million bushel surplus. Reduction encouraged by benefit payments. Marketing limited to 280 million bushels for 1942. Price guaranteed at 63¢ per bushel on 1941 and 81¢ on 1942 crop.

Argentina: Government holds monopoly of purchases and sales, paying fixed price of about 55¢ per bushel. Has legal authority to demand 10% decrease in seedings. 253 million bushel surplus.

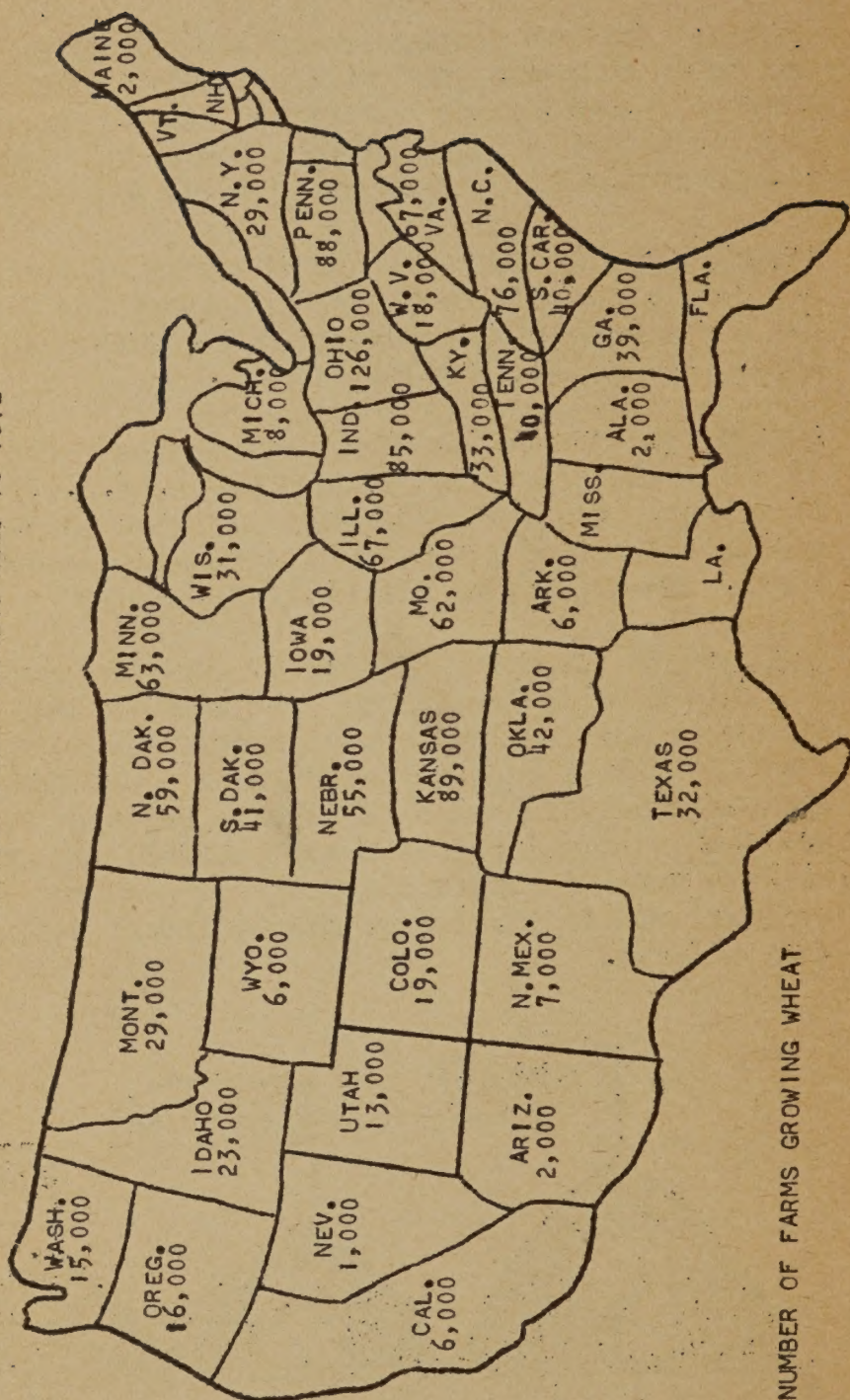
Australia: Australian Wheat Board guarantees price of about 56¢ per bushel bagged wheat, f.o.b., port of export. Control of acreage effected through basing guaranteed price on predetermined amount of wheat. Wheat surplus 150 million bushel.

Europe: The European picture is somewhat confused, but fall seeding conditions were bad and fall seedings were apparently somewhat under normal; winter conditions have been good because of snow cover, although the cold has been severe, and most wheat production is under government control. Every effort will be made to secure large spring seedings but weather conditions, labor, and equipment will affect such efforts.



MARKETING QUOTAS

WHY WESTERN WHEAT FARMERS NEED TO VOTE



NUMBER OF FARMS GROWING WHEAT

1941 A.C.P. Farm Wheat Allotments
15 acres or more

13

Beaver	5
Box Elder	116
Cache	537
Carbon	6
Daggett	0
Davis	31
Duchesne	5
Emery	34
Garfield	1
Grand	0
Iron	5
Juab	231
Kane	1
Millard	171
Morgan	27
Piute	8
Rich	23
Salt Lake	194
San Juan	89
Sanpete	134
Sevier	36
Summit	22
Tooele	50
Uintah	3
Utah	205
Wasatch	2
Washington	11
Wayne	2
Weber	34
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TOTAL	2,483

REMEMBER - - - - - NO QUOTA - NO LOAN

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION

Logan, Utah

Official Business

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